

MINUTES OF EVERETT PORT COMMISSION WORK SESSION
August 4, 2009

PRESENT: Philip B. Bannan President
Michael F. Hoffmann Vice President
John Mohr Executive Director
Karen Clements Chief Fin. Officer
Brad Cattle Port Attorney

CALL TO ORDER: Commissioner Phil Bannan called the meeting to order at 9:01 a.m.

1. COMMISSION PRESIDENT'S REPORT

Appointment of Port Commissioner

Commissioners Phil Bannan and Michael Hoffmann thanked everybody who participated in the candidate process for appointment of the Commissioner District 2 position. The Port received 7 qualified applications, and conducted 3 very good interviews.

Commissioner Michael Hoffmann said that after careful consideration of the interview process and based upon the needs of the Port, he moved that Duane Pearson be appointed as the interim Commissioner for Port Commissioner District 2. Commissioner Phil Bannan seconded the motion. A vote was called for:

Vote: 2-0
Yes: Bannan, Hoffmann
No: None
Abstained: None

Motion carried.

Port attorney Brad Cattle administered the oath to Duane Pearson.

Commissioner Michael Hoffmann moved to elect Duane Pearson as Secretary to the Port Commission. Commissioner Phil Bannan seconded the motion. A vote was called for:

Vote: 3-0
Yes: Bannan, Hoffmann, Pearson
No: None
Abstained: None

Motion carried.

Audit Exit Conference

Commissioner Bannan reported that the Port had received its 12th consecutive clean State Auditor's report. He congratulated Karen Clements and Port staff for their hard work.

2. EXECUTIVE DIRECTOR'S REPORT

Port Properties Presentation

Executive Director John Mohr announced that the Port Properties Committee would be doing a presentation of their recommendations related to properties held by the Port at the August 11 Commission meeting.

Special Filing for Port Commissioner District 2

The Snohomish County Election's Department has scheduled the Special Filing period for Port Commissioner District 2 for August 19 – 21, 2009.

ORIGINAL

Bauer Evans Purchase and Sale Agreement

John Mohr reported that Port staff has been in discussion with Bauer Evans regarding the purchase of the Port's Administration Building. On July 15, Commissioner Bannan and Port staff met with Brian Evans and discussed alternatives to a purchase and sale agreement that had been previously discussed in the Commission meeting. Two alternatives were brought forward in that discussion, one to fix the sale price of the building at \$2.5 million, on a 2-year old appraisal, 5 percent down payment, 10-year term, 6-1/2 percent interest rate and the amortization schedule would be based on a 300 month schedule. For the second alternative, the sale price was based upon a current appraisal with a minimum value for the building of \$2 million, 5 percent down payment, 5-year term, interest calculated based on a one-year Libor rate plus 3 percent, with a minimum interest of 6 percent, adjusted annually at the anniversary of the inception of the loan, principal and interest being calculated based on a 300 month payment schedule.

Brian Evans of Bauer Evans prefers alternative 2 as being the most realistic for his ability to refinance the building after 5 years. John Mohr stated that he would bring this matter back at the next meeting for further discussion with the Commission.

TIGER Grant Application – Resolution No. 915

John Mohr introduced a surface transportation infrastructure grant through the stimulus program known as the TIGER grant. It is through a U.S. Dept. of Transportation grant program and the State of Washington is eligible for up to \$300 million. No matching funds are required for this grant opportunity.

Lisa Lefeber reported that the project proposed by the Port of Everett is the reconstruction of the South Terminal estimated at \$31.5 million, and it would upgrade the South Terminal Wharf, reconstruct the South Terminal rail line, and upgrade lighting and extend high voltage power to the South Terminal for cold ironing capabilities which would reduce diesel emissions in the area. At next week's Commission, Port staff will be asking for commission approval on Resolution 915 to authorize the port to submit a TIGER grant application for the South Terminal intermodal freight shipping facility improvements. This project is consistent with the Marine Terminal Master Plan previously adopted by the Commission.

Commissioner Bannan asked staff to show the Commission some graphics of the project at next week's Commission meeting.

Collins Building

Executive Director John Mohr reported that in order to address the monetary issues surrounding a possible renovation of the Collins Building, Port staff is proposing for Commission consideration Resolution No. 917, which is a proposition to authorize the Port to levy an additional tax to provide a total of \$15 million for the Port to make substantial renovations to the Collins Building. The tax rate is estimated at \$1.06 per \$1,000 assessed home value. John Mohr said that Port staff would like to bring this matter before the Commission at the next Commission meeting in order to meet the deadlines for placement on the November election ballot.

Several citizen comments were heard, including Mark Olson, Everett, who applauded the Commission for bringing the matter on for public vote, but had concerns about the levy amount. Mohr stated that the \$15 million figure was based on the Collins Building Redevelopment Group's estimates for restoring the building for community uses.

Lauren Bivens, Harbor Marine, raised concerns about the boat yard if the Collins Building were redeveloped and said additional costs would be appropriate to include in the proposed tax levy amount.

Annie Lyman, Everett, raised concerns about the timing of the levy and the possible outcome it may have on other tax levies, such as the school district.

Jeff Hall, Everett, suggested that before the Port puts this matter to a public vote, they should reconsider the Collins Building Redevelopment Group's proposal and give the community an alternative to a tax levy.

John Mohr also presented Resolution No. 918, clarifying directions to Port Staff pertaining to the implementation of Resolution No. 914, pending the results of the election on the tax levy for the Collins Building. He indicated that he would also bring Resolution No. 918 before the Commission for consideration at the next Commission meeting.

3. CHIEF ADMINISTRATIVE OFFICER'S REPORT

Small Public Works Roster – Resolution No. 916

Contracts Administrator Charlotte Walther reported that during the 2009 legislative session, HB1196 was passed increasing the dollar limits for Small Works Roster projects to \$300,000. Resolution No. 916 incorporates this change into the Port's procedures by authorizing Port staff to use the Small Works Roster process for projects with an estimated cost of \$300,000 or less. The Port Commission retains the authority to approve projects estimated at more than \$100,000 to be put out to bid, and to award contracts for more than \$100,000.

At next week's Commission meeting, staff will ask the Commission to consider approving Resolution No. 916. The Small Works Roster process allows the Port to invite contractors who are listed on the Roster instead of advertising for bids.

4. CHIEF FINANCE OFFICER'S REPORT

Review of 2010 – 2014 Capital Improvement Projects

Chief Finance Officer Karen Clements reported that at next week's Commission meeting, Port staff will present a review of the 2010 – 2014 Capital Improvement projects.

2008 Annula Financial Report

Karen Clements provided the 2008 Year-to-Date Fourth Quarter Financial Report through December 31, 2008 to the Port Commission.

5. OPERATIONS REPORT

Marina Report

Marina Director Cyndy Olson reported on Marina operations and events, and said that Marina staff held a customer appreciation barbeque event on July 30 at The Landing and approximately 200 people attended the event.

The north and south marinas are currently 87 percent full, and the 12th St. Marina is 77 percent full.

6. PROPERTIES REPORT

MSRC / Port Administration Building – Design Services Modification

Chief of Properties Larry Crawford reported that he was seeking authorization to amend a current design contract related to the MSRC / Port Administration Building project.

Gary Parkinson Architect was awarded the design services contract to remodel and expand the existing MSRC building for tenant use, and add a 2-story Administration Building, for a contract price of \$200,000. Modification No. 1 added \$10,560 to the contract for site civil engineering not included in the original contract. Modification No. 2 is being proposed to add \$70,482.32 for additional architectural and engineering design services and to include construction administration support services.

Commissioner Michael Hoffmann moved to authorize a design amendment for the MSRC / Port Administration Building project in the amount of \$70,482 to 2812 Architecture (formerly Gary Parkinson Architecture). Commissioner Duane Pearson seconded the motion. A vote was called for:

Vote: 3-0
Yes: Bannan, Hoffmann, Pearson
No: None
Abstained: None

Motion carried.

7. PROJECTS UPDATE

Riverside Business Park Shoreline Restoration Project – Request for Bids

Chief of Properties & Engineering John Klekotka reported that in order to satisfy the requirements of the City of Everett's Shoreline Management Program, the Port was required to construct public access along those areas of the shoreline that are not dedicated to "water dependent" use. The Port has paid the City \$300,000 to compensate for the construction of off-site public access improvements previously, but since public access is preferable along the shoreline, and now that the north site property sale to Cymbaluk at the Riverside Business Park is going to result in "non-water dependent" use, the Port can now construct those improvements, and the City will refund the \$300,000 to the Port once the shoreline restoration is complete. Staff has received a Hydraulic Project Approval from the Dept. of Fish and Wildlife, but still needs a Corps of Engineer's permit before the project can be constructed. If Staff does not receive the corps permit within the next 30 days, the project would not be able to be completed resulting in a delay of about 10 months because the in-water work window would be missed. Should that occur, Staff would bring the project back to the Commission for consideration next year.

The scope of work includes restoring the shoreline and creating a trail within the shoreline buffer. The project will create approximately 1,100 lineal feet of shoreline buffer with a paved trail within the buffer.

Port staff is requesting approval to go out to bid for the Riverside Business Park Shoreline Restoration Project as presented

Commissioner Michael Hoffmann moved to authorize Port staff to go out to bid for the Riverside Business Park Shoreline Restoration Project improvements. Commissioner Duane Pearson seconded the motion. A vote was called for:

Vote: 3-0
Yes: Bannan, Hoffmann, Pearson
No: None
Abstained: None

Motion carried.

P & Q Slip Replacement and Open Moorage Project Closeout

John Klekotka reported that the P & Q Slip Replacement Project constructed by American Construction is now complete. Staff is requesting formal acceptance of the project as complete and the authorization for staff to closeout the contract with American Construction Company in the final amount of \$5,693,947.03, including Washington State Sales Tax.

Commissioner Michael Hoffmann moved to accept the South Marina P & Q Dock and Open Slip Replacement project as complete, and authorized staff to closeout the contract with American Construction Company in the total amount of \$5,693,947.03, including Washington State Sales Tax. Commissioner Duane Pearson seconded the motion. A vote was called for:

Vote: 3-0
Yes: Bannan, Hoffmann, Pearson
No: None
Abstained: None

Motion carried.

Pier 3 Pile Repairs 2009

Chief of Engineering & Planning John Klekotka reported that the Pier 3 Pile Repairs 2009 project is for the on-going repairs on the existing piling that support Pier 3. This work is required under the Port's lease agreement with Lehigh Cement Company. Due to some last minute clarifications in the bid form, several bidders requested additional time. Staff allowed the extra time to submit bids. Assuming that the bids are acceptable, staff will bring this matter back before the Commission at next week's Commission meeting.

2009 Pavement Repair Project – Construction Award

Project Manager Poli Luis reported that the Port Commission previously authorized a call for bids on May 5, 2009 regarding pavement repairs at the Marine Terminals and Marina. The scope of work included repairs of damaged asphalt pavement in the South Terminal within the Marine Terminal facilities, South Marina parking and 10th Street Boat Launch areas. The Port received 5 bids and the low bidder was Northwest Asphalt.

Port staff requested that the Commission authorize staff to award the construction contract for the Marine Terminal and Marina Pavement Repairs 2009 project to Northwest Asphalt, Inc. in the amount of \$128,118.

Commissioner Michael Hoffmann moved to award the 2009 Marine Terminal and Marina Pavement Repairs project to Northwest Asphalt, Inc. in the amount of \$128,118. Commissioner Duane Pearson seconded the motion. A vote was called for:

Vote: 3-0
Yes: Bannan, Hoffmann, Pearson
No: None
Abstained: None

Motion carried.

Modification to Professional Services Agreement – Parsons Brinckerhoff – TSA Round 7A Projects

Project Manager Poli Luis reported that on June 10, 2008, the Commission awarded a Professional Engineering Services contract to Parsons Brinckerhoff for \$280,344 related to three TSA Round 7A projects - Mt. Baker Terminal Security, TWIC – Access Control, and Lighting Intrusion Detection projects. Engineering design is now complete.

Staff is requesting a modification to the Professional Services Agreement with Parsons Brinckerhoff in the amount of approximately \$59,700 for the three TSA Round 7A projects, for additional construction support services.

Commissioner Michael Hoffmann moved to approve the modification request to the Professional Services Agreement with Parsons Brinckerhoff in the amount of \$59,700 for the Mt. Baker Terminal Security, TWIC – Access Control, and Lighting Intrusion Detection projects as presented. Commissioner Duane Pearson seconded the motion. A vote was called for:

Vote: 3-0
Yes: Bannan, Hoffmann, Pearson
No: None
Abstained: None

Motion carried.

8. COMMISSIONER COMMENTS

Commissioner Michael Hoffmann expressed concern about project modifications to the Port's activities for engineering services and suggested that the professionals seeking the modifications should do a better job in their original contracted services agreement. Chief of Properties Larry Crawford explained that when the Port awards the contract for architect services, the award is based on a concept design. The architects provide an estimate of the costs, but do not bid on a design contract. They are paid on an hourly basis at an hourly rate.

The modification for the architectural contract with 2812 Architecture was triggered by changes that the Port wanted to make and not anticipated in the architect's contract. The design was paid for, but the oversight for the engineering work was not budgeted.

Larry Crawford commented that it is very common to make changes to a design, and believes that it is better to initiate the project with a tight number and ask for more later instead of asking for the full budget up front.

9. CITIZEN COMMENTS

Valerie Steel suggested that the Port Commission consider having a benefits analysis for the Capital Improvement Projects.

Mary Anna Conner expressed her appreciation to Port staff and thanked Lisa Lefeber and Catherine D'Ambrosia for the recent tour of the Port.

Former Commissioner Connie Niva commended the Port Commission for considering alternatives that will allow the public to vote on the Collins Building issue.

No Executive Session was held.

THE WORK SESSION WAS ADJOURNED at 10:46 a.m.

APPROVED: THIS 8th day of September 2009. EVERETT PORT COMMISSION

By: Philip B. Bannan
Philip B. Bannan, President

Michael Hoffmann
Michael Hoffmann, Vice President

Duane Pearson
Duane Pearson, Secretary